GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:150
ANSWERED ON:01.12.2006
LOANS FOR RESTRUCTURING OF CO OPERATIVE BANKS
Owaisi Shri Asaduddin

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has finalised loans from World Bank and Asian Development Bank (ADB) to restructure the Co-operative Banks in order to boost credit How to agriculture sector;

(b) if so, the details alongwith the terms and conditions thereof;

(c) the ratio of expenditure likely to be borne by the Centre and the States in the restructuring process; and

(d) the time by which this process is likely to be completed ?

Answer

FINANCE MINISTER (SHRI P.CHIDAMBARAM)

(a) to (d) : A Statement is laid on the Table of the House. Statement referred to Parts (a) to (d) of Lok Sabha Starred Question No. 150 to be answered on 1st December, 2006, regarding Loans for restructuring of Co-operative Banks, tabled by Shri Asaduddin Owaisi.

(a)&(b) : Negotiations have been held with, Asian Development Bank(ADB), KfW Germany and World Bank for resource mobilisation for implementation of Revival Package for strengthening of Short Term Cooperative Credit Structure. The loan agreements are at different stages of discussion and terms and conditions for these loans will emerge only after due deliberations.

(c) : The revival package approved in consultation with State Governments includes a financial outlay estimated at Rs. 13,596 crores to be shared by Central Government, State Governments and the Cooperative Credit Structure in the ratio of 68;28;4 respectively for the country as a whole.

(d) :The States choosing to participate in the revival package will be entitled for financial assistance, if they agree, through the mechanism of a formal Memorandum of Understanding(MoU) or Exchange of Letters with the Central Government, to implement (in a phased manner and within a period of three years), the legal and institutional reforms envisaged. States not ready to make the choice immediately will be given two years to take a decision on this matter. So far six states have signed the MoU. Five other states have conveyed their acceptance to the package.